

GAP-PIVOT SYSTEM v.1

The system that you are about to read (and hopefully study extensively) is a result of me copying several useful interesting elements of many trading strategies I've read and studied during my early days. I've collated those elements and refined it into one complete trading system which I later tested and traded simultaneously on demo AND Live account since late 2012. I am not reinventing the wheel with this system as all the elements that I've used in this trading system are not new and everybody knows how to use it. It's just a matter of how to incorporate those elements in a unique way to your favour.

The elements of this system are (again, this are all not mine, copied from great traders and strategies) :

- 1. Market Session Box Breakout**
- 2. Price Equilibrium Point (Pivot and Moving Averages)**
- 3. Time-based Exit Strategy**
- 4. Fibonacci TP points**

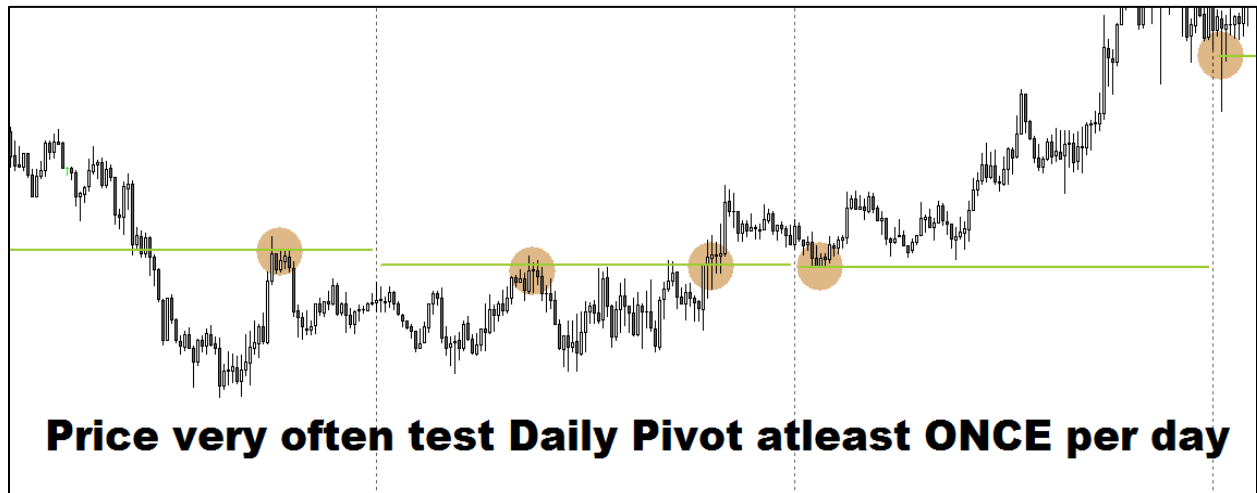
As usual (as per my Speed Trap and Macfibo System thread), my main audience are newbies. I've shared two of my major trading strategies to the forex community (via messageboard) and I enjoyed those times helping a lot of new traders easing their transition period into the jungle that is Currency trading. I am hoping to do the same with this new strategy.

Ofcourse, this is NOT A HOLYGRAIL but with proper psychology and money management, even the simplest MA breakout system (i.e price close above or below any random MA and enter a trade according to it's direction) can be your own HolyGrail. I hope this system could help further for any traders who are looking for that one trading system that they could fit into their personal trading profile and improvised it to make it even better for them.
Happy Reading

The System's Idea/Essence

The basic general idea of this system is to enter a trade according to its trend when it missed the price equilibrium levels that are the **daily pivot** (the day it was created) and **320SMA**.

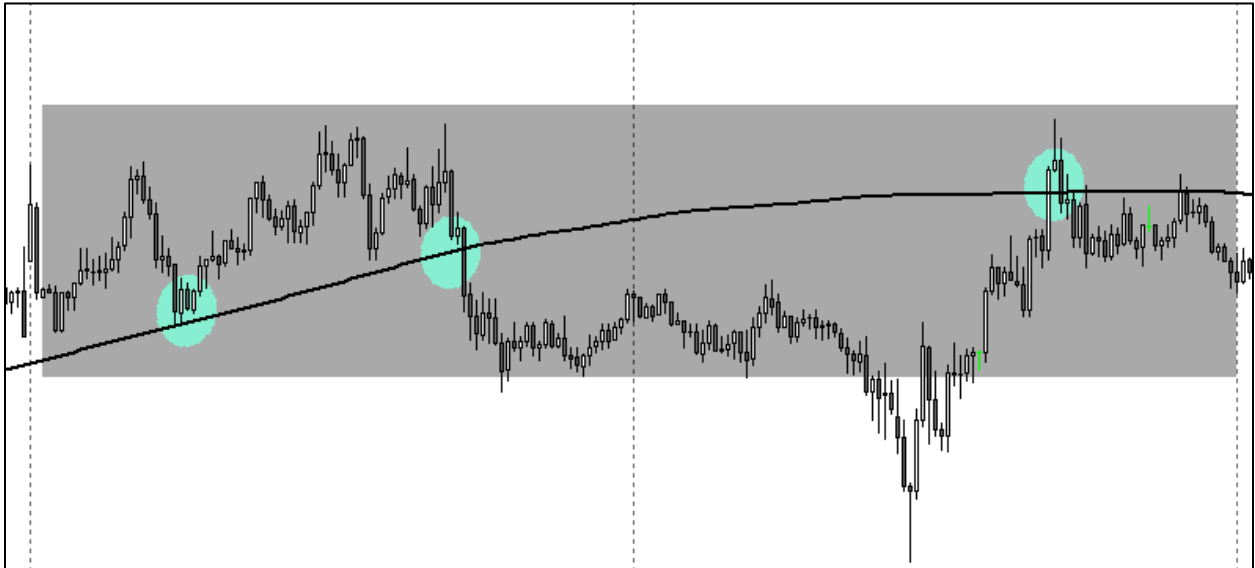
Why Daily Pivot? As per explained by Rob Booker, it's just natural that price needs to test the Daily Pivot atleast once before it decides where they want to go



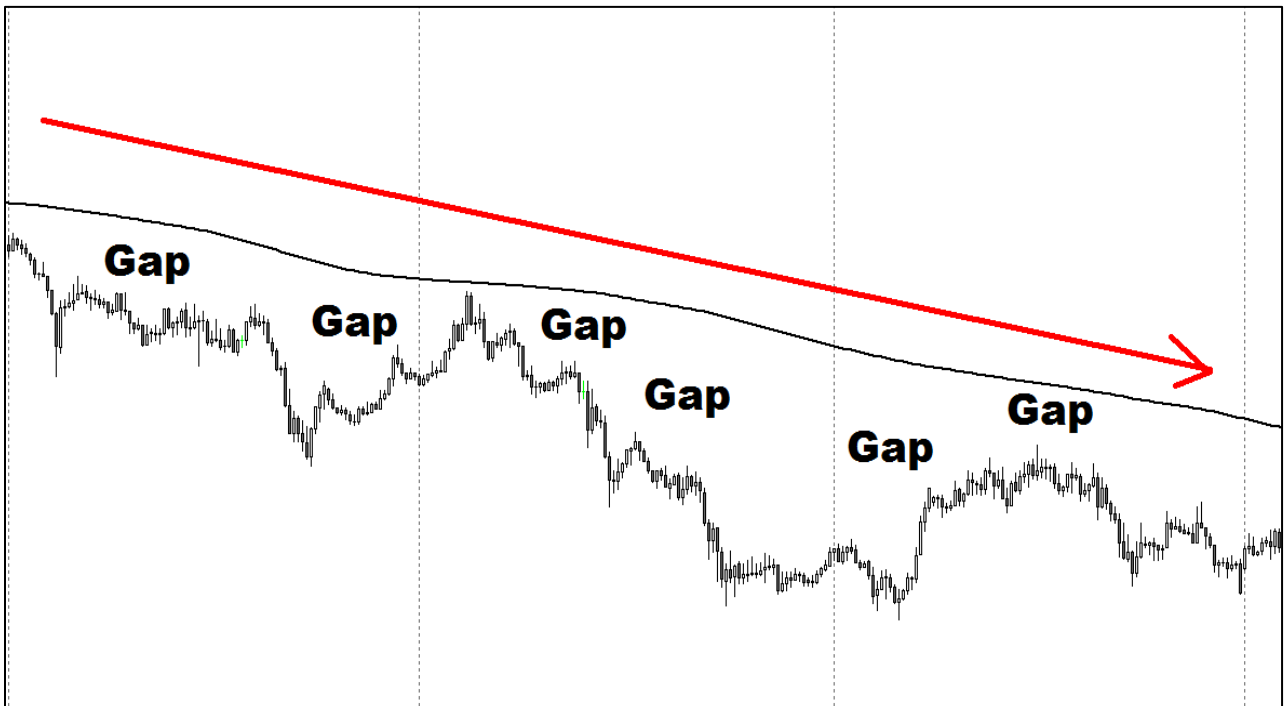
But this is all basic stuff and everyone knows that.. but what about when price decides to ignore these levels? Rob Booker stated that when price missed the daily pivot, it tend to move away from the pivot and starts trending (creating a gap between the price and the daily pivot).



This gave me an idea about the 20SMA. After hours and hours just staring at the charts, I've noticed that H4's 20SMA (its 320SMA in M15) does have an "equilibrium" effect. But it seems that whenever price test 320SMA, it begins to bounces and range.. HOWEVER, when it chose not to test this MA, very often it starts to trend.. Yes, pretty similar concept with Rob Booker's Missed Pivot. Yes yes yes I know what you are going to say.. "So does any MA you genius!".. You know what, I bet it could work with other MA.. but hey, I am a Macfibo Trader and I will always study my personal "magical moving average". Just take a look at the image below, price touches the 320SMA, it seems they are indecisive..



But when it misses the 320sma, more often than not, it starts to trend....



So this gave me an idea to combine these elements (both indicates that the price has potentials to trend for quite a while) as a trading condition in order for me to enter a trade when it has good probability to move in one direction for at least until the end of the trading day. The next work now is to find a very solid entry point and exit point. You can move on and read the General Setup... Enjoy

General Setup

TimeFrame : M15

I personally prefer M15 as it provides 'earlier' opportunity to trade. You could go high up to H1. For this version, we stick to M15 and/or H1 only for the sake of simplicity and slow transition.

Currency Pairs : GBPJPY, GBPCHE, EURJPY, EURNZD, AUDUSD, GOLD, OIL, S&P 500, EURUSD

These are the pairs that I've tested and have traded with decent results since I began using this strategy as both standalone and as additional filter for my Macfibo System. This is just my recommendation, there are no reasons not to test this system with other than the aforementioned pairs.

Indicators :

Rob Booker's Pivots Indicator

<http://speedy.sh/nWKJy/Missed-Pivot-Points-v2.3.ex4>

Market Sessions indicator

<http://speedy.sh/NwV2B/Sessions.ex4>

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- **I've provided a template that you can download. You install all the required indicators (market sessions and Rob Booker's Pivot Indicator) accordingly then after that simply apply the GapPivot_v1 template into your MT4....**

Download link :

<http://speedy.sh/vhAsQ/Gap-Pivotv1.0.tpl>

Entry and Exit Setup

There are Three (A, B and C) basic setups for this system. I will do my best to explain it as simple and straightforward as I can. For every setups, here are the things you need to do first and foremost :

1) Open M15 chart

2) Identify the box's high and low (high and low of US-only Session) and mark it with a horizontal line. We will call this as the "US-Box" .

3) Identify the equilibrium points which you can simply see at the green coloured horizontal line (Daily Pivot) and the 320SMA (or 80SMA at H1)

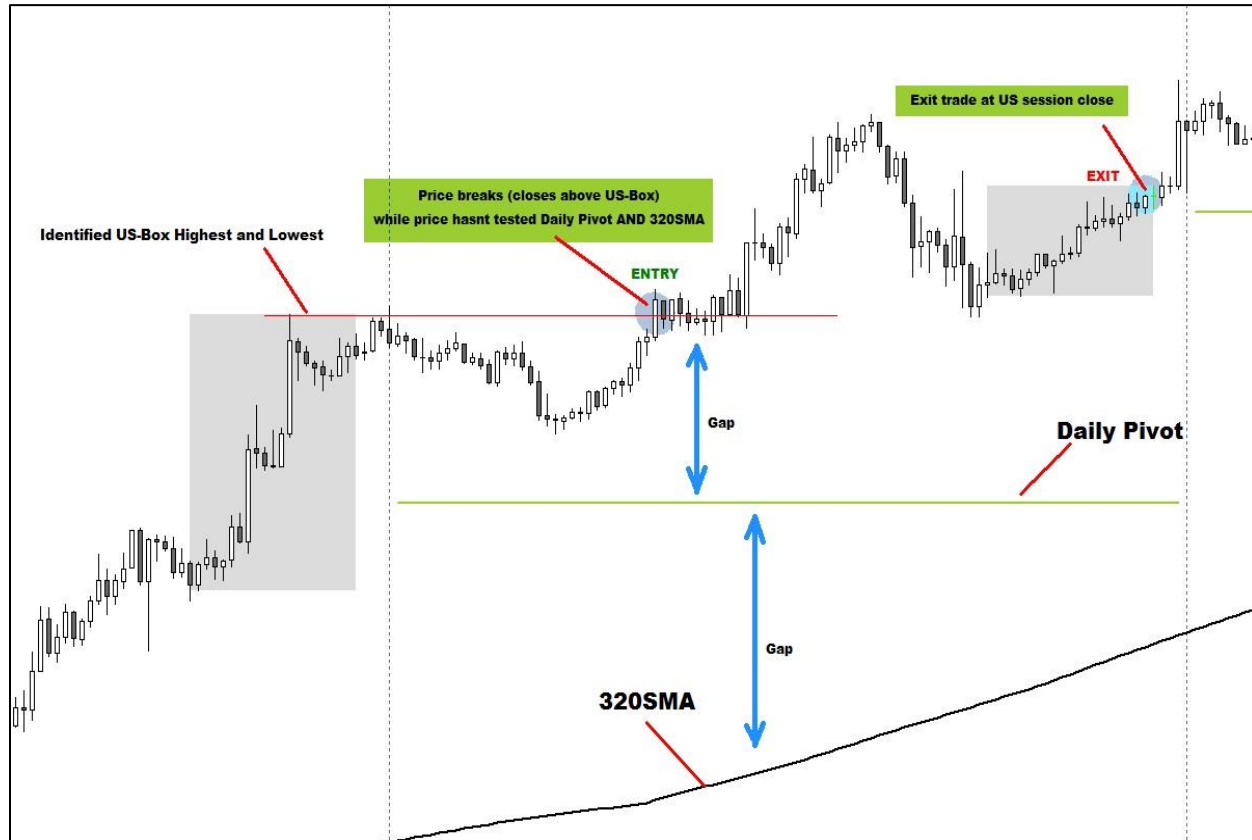
Setup A : LONG TRADE

LONG Entry : If price closes above the US-Box whilst price is above Pivot & 320sma AND haven't tested both Pivot and 320SMA then ENTER according to the direction.

PRICE ARE REQUIRED TO BE OPENED ABOVE THE PIVOT AND 320SMA WHEN THE DAILY PIVOT WAS CREATED (NORMALLY FEW HOURS WITHIN SYDNEY OPEN). PRICE CANNOT BE IN BETWEEN PIVOT AND 320SMA.

Exit : Hold the trade until US Session Close or at Asian Open (will explain further in the forum)

StopLoss : This is discretionary. We will discuss this further in the forum. But for newbies, you hold the trade even at loss and only close it US session close in your Backtesting, report back to the forum what you've noticed



Setup A : SHORT TRADE

LONG Entry : If price closes below the US-Box whilst price is above Pivot & 320sma AND haven't tested both Pivot and 320SMA then ENTER according to the direction.

PRICE ARE REQUIRED TO BE **OPENED BELOW THE PIVOT AND 320SMA** WHEN THE DAILY PIVOT WAS CREATED (NORMALLY FEW HOURS WITHIN SYDNEY OPEN). **PRICE CANNOT BE IN BETWEEN PIVOT AND 320SMA.**

Exit : Hold the trade until US Session Close (will explain further in the forum)

StopLoss : This is discretionary. We will discuss this further in the forum. But for newbies, you hold the trade even at loss and only close it US session close in your Backtesting, report back to the forum what you've noticed



Setup B : LONG TRADE

LONG Entry : If price closes above the US-Box whilst price is above 320sma AND haven't tested the 320SMA **EVENTHOUGH** price tested the **DAILY PIVOT** then ENTER according to the direction.

****Extra note :**

FOR THIS SETUP, PRICE ARE REQUIRED TO BE OPENED ABOVE THE PIVOT WHEN THE PIVOT WAS CREATED (NORMALLY FEW HOURS WITHIN SYDNEY OPEN). **PRICE CANNOT BE IN BETWEEN PIVOT AND 320SMA.**

UNLIKE SETUP A, THIS SETUP DOES NOT REQUIRE THE PIVOT NOT TO BE TESTED. AS LONG AS 320SMA IS NOT TOUCHED WHEN BREAKOUT HAPPENS, THEN IT IS A VALID **SETUP B** ACTIVATION.

Exit : Hold the trade until US Session Close (will explain further in the forum)

StopLoss : This is discretionary. We will discuss this further in the forum. But for newbies, you hold the trade even at loss and only close it US session close in your Backtesting, report back to the forum what you've noticed



Setup B : SHORT TRADE

LONG Entry : If price closes below the US-Box whilst price is above 320sma AND haven't tested the 320SMA **EVENTHOUGH** price tested the **DAILY PIVOT** then ENTER according to the direction.

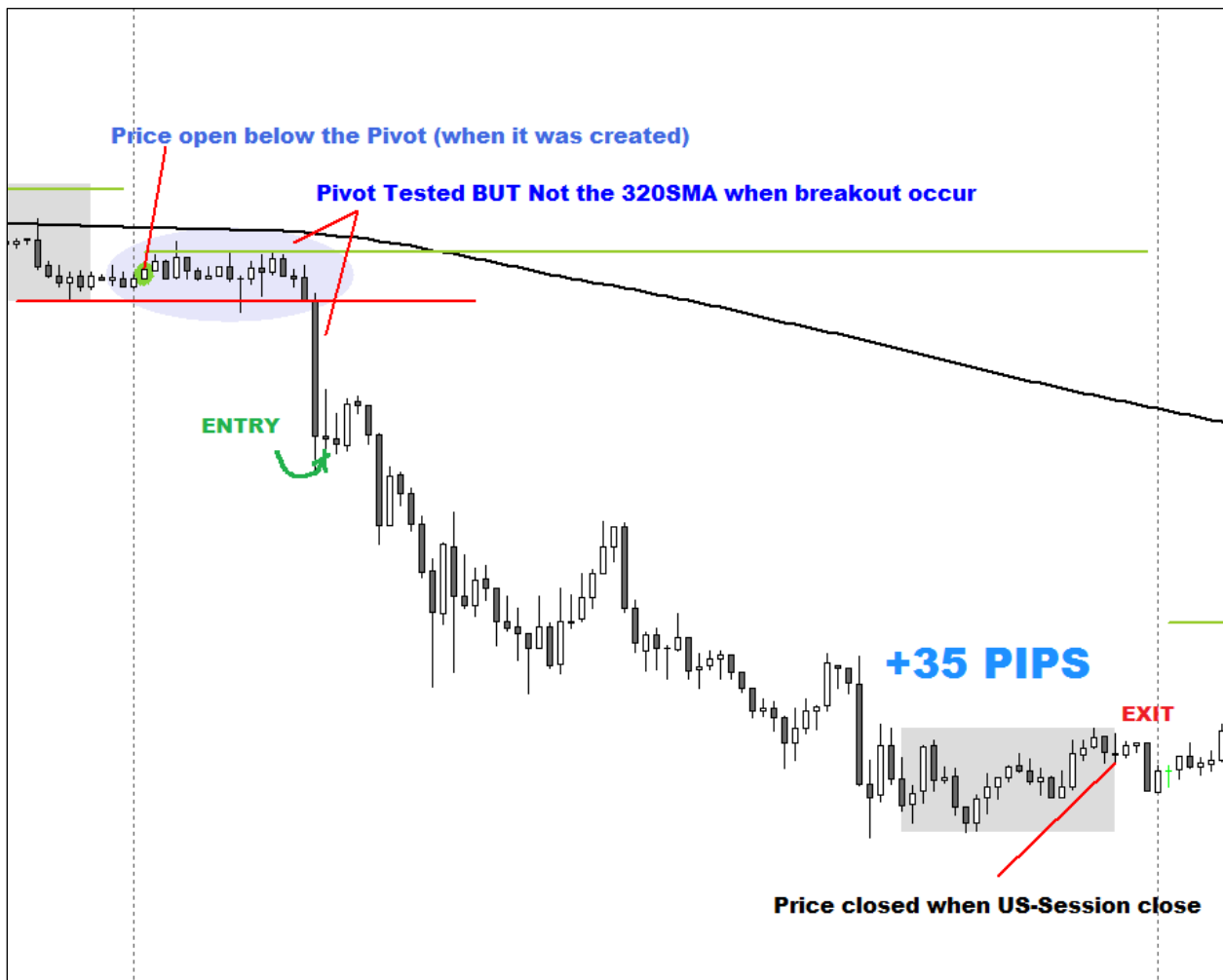
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UNLIKE SETUP A, THIS SETUP DOES NOT REQUIRE THE PIVOT NOT TO BE TESTED. AS LONG AS 320SMA IS NOT TOUCHED WHEN BREAKOUT HAPPENS, THEN IT IS A VALID **SETUP B** ACTIVATION

Exit : Hold the trade until US Session Close (will explain further in the forum)

StopLoss : This is discretionary. We will discuss this further in the forum. But for newbies, you hold the trade even at loss and only close it US session close in your Backtesting, report back to the forum what you've noticed



FINAL WORDs.. for Now :

So that's it for now. I do plan to make more additional stuff into this guide and forum. What ive presented in this guide is only 80% of the system. I am yet to reveal Setup C which involves Fibonacci Pullups (more like Macfibo but no MA) and "Followup Trades" (which can be called as Setup B.2). For now, I think what I have just revealed is exciting enough for us to discuss, test and critic. I apologise for my poor English. If theres anything in the guide isn't clear, I am more than happy to clarify it in the forum. I am here to help..

Cheers

